

CENTRAL INTELLIGENCE AGENCY REPORT

# INFORMATION REPORT

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1. The most recent version of the 1955 Production Plan (for Warenproduktion, i.e. production for sale) for all enterprises under the Main Administration for Radio and Telecommunications Technology (HV RFT), of the Ministry for Machine Construction, provided for production in the amount of 948,000,000 DME. According to available government statistics these enterprises have a production capacity of 985,000,000 DME. Only 45% of the production as provided for in the Plan is covered by the official government "analysis of demand" (Bedarfsanalyse), and only a fraction of this percentage is covered by actual purchase orders. In view of this situation, the Ministry for Machine Construction anticipates the necessity of releasing workers during 1955.
2. In a conference with leading personnel of HV RFT on 1 December 1954, Alfred Wunderlich, Deputy Minister and Head of the Production Area for General Machine Construction, made the statement that HV RFT would **probably** be obliged, **possibly** early in 1955, to dismiss 1,200 to 2,500 workers directly engaged in production in the enterprises belonging to HV RFT (Produktionsweiter), and 1,400 to 1,500 auxiliary workers and employees. He added that the situation was similar in the other Main Administrations of his Production Area.
3. Among the reasons for the small number of 1955 purchase orders placed by early December 1954 was the fact that the number of 1955 export orders was very insignificant. This is caused by the bad quality of many **articles** produced for export in the past, which has caused foreign customers to be dissatisfied, and by the shortage of raw materials for those export articles which are really wanted by foreign customers.

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